BUSINESS ADMINISTRATION

OF

STATE INSTITUTIONS

IN ILLINOIS

The Financial System in Iowa and a Report to Governor Charles S. Deneen on the System in the State of New York.

By FRANK D. WHIPP,
Department and Institution Auditor of the Governor's Office

1908

SPRINGFIELD:
ILLINOIS STATE JOURNAL CO., STATE PRINTERS
1908

IL63b
Copy 2

ADDRESS BY FRANK D. WHIPP TO THE STATE CONFERENCE OF CHARITIES, JACKSONVILLE, ILL., OCT. 10, 1907.

Business Administration of State Institutions.

In the business administration of the State Charitable and Reformatory Institutions of Illinois, it has not been the policy of the officials to minimize the cost of maintenance at the expense of the thousands of unfortunates in their charge. It is not a question of how much it costs to support these inmates. The paramount aim is to cure the afflicted, educate the delinquent children, and make better citizens of the other unfortunates. The people of this State want their unfortunates cared for in the best possible manner.

Illinois with her 56,000 square miles of territory, 27 million acres of improved land, coal mines, railroads, prosperous banking institutions, manufacturing and commercial enterprises, and more than 5,000,000 inhabitants, is a State with great resources. It is abundantly able to care for its wards in a respectable manner and the officials of our State Institutions are endeavoring to do this. They are alive to the pecuniary side of the management of the institutions and all of these things are being acomplished without extravagance. They know that the bills have to be paid, and unless expenses are kept within a reasonable limit, the appropriations made by the General Assembly will not be large enough to meet the demands. The question of economy is of vital importance to the management of our institutions, and it is believed that our superintendents are doing all in their power, within reason, to minimize the cost of maintaining the inmates.

A typical superintendent makes it his duty to inspect the garbage barrels at his institution every few days, in order to ascertain whether there has been a waste of food, as he must see that everything in the nature of food is utilized; he also keeps a close watch on the kitchens to prevent any pilfering of staple articles, such as sugar, coffee, tea, butter, etc. He is in close touch at all times with other departments in order to be certain that economy is practiced. He looks into the method of handling, cooking and serving the food, and has it so prepared that it is palatable. A careful study of the financial statements of the superintendents who have been looking after these details, shows that their efforts have not been in vain. Their per capita cost is always the lowest and at the same time the inmates have been well cared for.

In one item alone, of expense, the State expects in the future to make a great saving. The last General Assembly appropriated funds to modernize the heating and lighting plants at the various institutions. By the use of chain grates and other new appliances there will be a considerable saving in fuel. At Kankakee, where they are installing a new heating plant, it is expected to save $20,000 per annum.

The management of the Western Hospital for the Insane has decreased the cost of fuel more than 33⅓% by using chain grate stokers.

Since January, 1907, when the chain grates were installed at Joliet, to June 30, 1907, the penitentiary has saved $2,096.10 in fuel.

At the Soldier's and Sailor's Home, during the year ended June 30, 1906, the institution used 8,423 tons of coal at a cost of $16,530.25. During the following year ended June 30, 1907, it used 8,617 tons of coal at a cost of $12,873.36, or a saving of $3,656.89, although 194 tons were used in excess of the previous year. This saving is attributed to the use of modern stokers and also to the fact that the coal is purchased on the heat unit plan. Scientific tests are made showing the heat value of the coal and bills are settled on that basis. The test enables the institution to get what it is paying for, no matter what mine the coal comes from. The coal from some of the mines does not contain as much carbon as that of other mines, and therefore the heat produced is not as great.

During the year ended July 1, 1906, the Reformatory at Pontiac expended $20,560.84 for coal. For the year ended July 1 of this year it only expended $15,186.98, or a saving of $5,373.86, which is also due to chain grates and other modern appliances.

Industries.

Many of the charitable institutions have installed industrial enterprises, and manufacture certain articles used in the institution. The law will not permit them to manufacture articles for the market, but if they were allowed to do this, it could be done with profit to the institutions. There is not only the pecuniary aspect to be considered, but also the mental and physical benefit derived from employment by types of defectives deteriorating in idleness. With many patients, to be able to feel they are in some measure earning their way, contributes to a more contented state.

Interest on Public Funds.

Through the efforts of the Executive Department of the State several of the banks in which the institution money is deposited now pay interest on daily balances. The profit thus accruing to the institutions will amount to considerable. This new departure is in line with what has been done by the State Treasurer and by departments under Governor Deneen, in collecting interest on daily balances and crediting the same to the State.

to a good private income. The public cannot realize, as do the superintendents, the number of this class of patients being supported by the State, and occupying room needed for others.

Quite a number of pauper insane in our hospitals are subjects of foreign countries, and the Legislature should also provide means to send them to their home countries. This is done in New York, Massachusetts, and quite a number of our eastern states. If done in Illinois it would result in a saving of expense, and additional room in our hospitals.

Some of our institution officials are making arangements, by paying higher salaries, to have employés and their families live outside, except where it is absolutely necessary to have them in the institutions. This is desirable not only because it makes more room for patients, but elicits better service from employés, thus freed a portion of each day from the depressing influences of institution life. Facilities at the institutions for getting to town are better than they were years ago, making this practicable now.

Insane in County Almshouses.

It is the aim of Governor Deneen to give State care to every insane person in the county almshouses of the State, and before he retires from office it will be accomplished. The last General Assembly passed a law providing for the transfer of all county insane to the State which will aid materially in bringing about the desired results.

Civil Service.

Civil service is an important factor in the successful management of our State institutions. Generally it gives satisfaction and the institution officials are well pleased with it. It certainly has been a step in advance. The Board of Civil Service Commissioners is doing much toward a successful management of our institutions.

Auditing Accounts.

The auditing of the accounts of the State charitable institutions is being carefully done by the State Board of Charities. The inspections are always made without notice to the officials. On visiting an institution, the first duty of the inspector is to count the cash. Then he verifies the books, in order to see whether the money received and disbursed has been properly accounted for. Written reports of these inspections are always made and if anything irregular is apparent it is taken up and adjusted by the State Board of Charities, with the responsible official.

During the year 1905, Governor Deneen employed me as one of his assistants in his office and it is my duty, when called upon, to make special investigations of accounts of institutions and departments. Through the efforts of the Governor, in having the accounts of the various departments audited, he has succeeded in recovering for the State, a sum of over $150,000, since I have had charge of the work of auditing. This sum does not include any part of the claim against the Auditors an ex-Treasurers amounting to $321,000 or the claim against the Ilinois Cen-

tral Railroad Co. These examinations are not perfunctory but are thorough in every particular. They have a tendency to make those in charge more careful with their trusts, and at the same time secure uniformity in accounts, which is important in making comparisons of the expenses of one institution with another. A new departure in the Executive Department is the examination of the sufficiency of bonds of State and institution officials. All sureties are required to schedule enough property to cover the amount of the bond, and their financial responsibility is inquired into before the bond is approved by the Governor. When changes are made in the treasurers of the institutions, I am expected to be present in order to check out the old treasurer before the funds are transferred. Another improvement, for which the State administration is entitled to credit, is changing the form of the omnibus appropriation bill, by requiring uniform blanks for itemizing traveling expenses. In order to make each person responsible for expenditures, every such bill has to be certified to as follows:

"I certify that the above account is correct and just; that the detailed items charged within are taken and verified from a memorandum kept by me; that the amounts charged for subsistence were actually paid, and the expenses were occasioned by official business or unavoidable delays, requiring my stay at hotels for the time specified; that I performed the journey with all practicable dispatch, by the shortest route usually traveled, in the customary reasonable manner, and that I have not been furnished with transportation, or money in lieu thereof, for any part of the journey herein charged for."

The system of accounts is not perfect, but we are doing all in our power to bring it up to the highest standard.

It is noteworthy that during the Governor's administration there has been no shortage in the accounts of any of the officials of the State charitable institutions. The records are clean and the Governor's stewardship in this respect has been well discharged.

Appropriations.

It is not my wish to bore you with statistics, but for the information of those who desire to know how much the State of Illinois appropriates each year for its unfortunates, and the number cared for, I may say that the last General Assembly appropriated liberally for the institutions. For the next two years it appropriated the sum of $6,588,402 for the seventeen charitable institutions, and the sum of $1, 466,100, for the reformatory and correctional institutions, besides appropriating $500,000 for a new penitentiary site, making a grand total of $8,534,502 for charitable and correctional purposes.

Population of Institutions.

On the first day of July of this year there were 9,659 insane in the State hospitals, and 3,815 inmates in the other institutions under the jurisdiction of the State Board of Charities.

On the same date the penitentiary at Joliet contained 1,584 convicts; the penitentiary at Chester had a population of 976. The reformatory at Pontiac cared for 1,080 boys, making a total cared for in the twenty institutions of 17,114.

In conclusion, permit me to add, that the coöperation of the so-called "minor" employés is far from a "minor" factor, in successful administration. No one can come much in contact with the State institutions without learning that the employés are doing noble work in relieving the suffering of the poor unfortunates, and in many cases for a compensation which is "moderate" to say the least. This summary of institutional requirements would be incomplete without a word of recognition for their self-sacrifice, and praise for their growing enthusiasm.

REPORT ON THE NEW YORK FINANCIAL SYSTEM FOR MANAGEMENT OF STATE INSTITUTIONS MADE TO GOVERNOR DENEEN, APRIL 3, 1908, BY FRANK D. WHIPP.

April 3, 1908.

HONORABLE CHARLES S. DENEEN,
Governor of Illinois, Springfield.

SIR: I returned last night from New York where I have been looking into the system of management of the State institutions. On Monday and Tuesday I was in Albany visiting various departments in the State House and on Wednesday in New York City at the office of the Purchasing Steward on Ward's Island. I furnish a memorandum report as follows:

NEW YORK STATE INSTITUTIONS.

The financial affairs of the New York State institutions are managed in three groups. Thirteen of the institutions which are for the care and custody of the insane are supervised by the State Commission in Lunacy, seventeen State charitable institutions are under the Fiscal Supervisor for State charitable institutions and four prisons, one reformatory and two institutions for insane criminals are under the jurisdiction of the superintendent of State prisons.

All employés of institutions are under civil service and their salaries are fixed upon a uniform basis by a commission consisting of some of the State officers.

The financial system for each group of institutions referred to above is described as follows:

Commission in Lunacy—This commission consists of three members, one physician, one attorney, and one reputable citizen. The president of the commission receives a salary of $7,500 per annum. Each of the other commissioners receives an annual salary of $5,000. They are appointed by the Governor. The commission is provided with a secretary, auditor and a clerical force. The financial affairs of thirteen institutions are controlled by this commission. The names of these institutions are as follows:

Utica State Hospital, in the City of Utica, in the county of Oneida.
Willard State Hospital, in the town of Ovid, in the county of Seneca.

Hudson River State Hospital, near the city of Poughkeepsie, in the county of Dutchess.

Buffalo State Hospital, in the city of Buffalo, in the county of Erie.

Middletown State Homeopathic Hospital, in the city of Middletown, in the county of Orange.

Binghampton State Hospital, in the city of Binghampton, in the county of Broome.

Rochester State Hospital, in the city of Rochester, in the county of Monroe.

Saint Lawrence State Hospital, in the city of Ogdensburg, in the county of Saint Lawrence.

Gowanda State Homeopathic Hospital, in the town of Collins, in the county of Erie.

Long Island State Hospital, at Flatbush, in the borough of Brooklyn in the city of New York.

Manhattan State Hospital, on Ward's Island, in the city of New York.

King's Park State Hospital, at King's Park, in the county of Suffolk.

Central Islip State Hospital, at Central Islip, in the county of Suffolk.

All supplies are bought by purchasing stewards. There is one purchasing steward for four of the largest institutions in the State. He has an office in New York City which is located on Ward's Island. Each of the other institutions also have purchasing stewards. The supplies are purchased subject to the approval of the institution superintendents. The law requires quarterly estimates to be filed by the institutions with the Commission in Lunacy showing a list of the supplies to be purchased. These are filled monthly. The estimates are subject to revision by the Commission in Lunacy and the approval of the State Comptroller. No money can be drawn from the State treasury unless the estimate is certified to. There is one treasurer for the thirteen institutions and he resides at the capital of the State. When estimates have been properly certified to the money is deposited by the State treasurer with the treasurer for the institutions to pay employés and bills incurred. Each institution is allowed to include $1,000 in their estimate for which no details have to be shown. The institution treasurer remits to the superintendent the total amount of each monthly payroll and he pays each individual in cash.

A purchasing committee of the stewards meets every three months to receive bids for staple articles bought in large quantities and all contracts made therefor must have the approval of the Commission in Lunacy. Proposals are sent out by mail to a number of firms and samples are submitted. The committee has standard samples on hand and the samples submitted by the different firms must grade up to standard. No advertisements are inserted in newspapers asking for bids.

The Commission in Lunacy appoints an attorney for each hospital.

All of the institutions are required to remit all receipts from miscellaneous sources to the State treasurer once a month.

Comparative Statement—A comparison of the expenses of the New York institutions for the care and treatment of insane with like institutions in Ilinois show that for the year 1907, New York with thirteen institutions and a population of 26,618 insane, cost $183.83 per capita, while Illinois with six institutions and a population of 9,214, cost $158.54 per capita or $25.29 less than New York. This shows that the per capita cost of maintaining the insane in Illinois is approximately fourteen per cent lower than it is in the State of New York.

In New York $76.05 per capita is expended for salaries and wages, while in Illinois it cost $59.67 or $16.38 lower. The New York per capita cost for this classification is 41.4 per cent of the total expenditures and in Illinois it is 37.7 per cent.

The food supplies in New York cost $54.56 per capita and in Illinois $45.33 or $9.38 lower. This is 29.7 per cent of New York's total expenditures and 28.6 per cent of the cost of Illinois.

Illinois expends more per capita for clothes than New York. In New York it costs $9.34 and in Illinois $11.94 or $2.60 more than New York. The percentages of the total expenditures on this item are New York 5.1 per cent and Ilinois 7.5 per cent.

Illinois also expends more per capita for medical supplies. It costs $1.17 in New York and $2.08 in Illinois or 91 cents more in Illinois. The percentage of the total on this classification is New York .6 per cent and Illinois 1.3 per cent.

Fuel, light and water cost $17.84 per capita in New York and $13.49 in Illinois or $4.38 lower in Illinois. The percentage of this item is New York 9.7 per cent and Illinois 8.5 per cent.

Other miscellaneous classifications of expense cost New York $24.84 per capita and Ilinois $26.03 or $1.19 more in Illinois than New York. The percentages on this are New York 13.5 per cent and Illinois 16.4 per cent. A tabulated statement is attached showing the per capita cost referred to and the percentages.

Each hospital for the insane has a local board of trustees but its powers are only advisory. At one time these boards were all abolished but owing to public sentiment the boards were reinstated.

Fiscal Supervisor for State Charities.

The seventeen institutions under the jurisdiction of this official are:

Western House of Refuge for Women ..... Albion
State School for the Blind ..... Batavia
Soldiers' and Sailors' Home ..... Bath
New York State Reformatory for Women ..... Bedford
New York State Reformatory ..... Elmira
New York State Training School for Girls ..... Hudson
Thomas Asylum ..... Iroquois
New York State Woman's Relief Corps Home ..... Oxford
New York State Custodial Asylum ..... Newark
New York House of Refuge ..... Randall's Island
New York State Hospital for Incipient Tuberculosis ..... Raybrook
State Industrial School ..... Rochester
Rome State Custodial Asylum ..... Rome
Craig Colony for Epileptics ..... Sonyea
New York State Institution for Feebleminded Children ..... Syracuse
New York State Hospital for the Care of Crippled and Deformed Children ..... Tarrytown
Eastern New York Reformatory ..... Napanoch

The Fiscal Supervisor of State Charities is appointed by the Governor and receives an annual salary of $6,000 per annum. He is provided with an office in the Capitol building and clerical assistance.

He has power to examine into all matters relating to the financial affairs of these institutions.

Estimates similar in character to those used by the institutions for the insane are furnished by the charitable institutions and are subject to revision by the Fiscal Supervisor. The Fiscal Supervisor invites bids for staple articles purchased in large quantities which are bought jointly by the institution superintendents and boards of managers. Committees are appointed from the superintendents and boards of managers to make these purchases subject to the approval of the fiscal supervisor. All of the institutions have local treasurers but in some cases the superintendent acts in that capacity. Each institution has a board of trustees but their powers are only advisory.

The plans for all buildings have to be submitted to the Governor for his approval.

Other requirements of the law are similar in character to those described for the hospitals for the insane.

Superintendent of State Prisons.

The institutions under this official are:

Sing Sing Prison.
Auburn Prison for Men.
Auburn Prison for Women.
Clinton Prison.
Eastern New York Reformatory.
Matteawan State Hospital for Insane Criminals.
Dannemora State Hospital for Insane Convicts.

Supplies are purchased on the estimate system the same as used by the other institutions. The warden or medical superintendent does the buying. Every bill or estimate has to be approved by the Superintendent of Prisons and by the State Comptroller. The money for the payment of bills is deposited to the credit of the warden or the institution treasurer as the case may be. The law does not require officials to advertise for bids.

The industrial funds of the prisons in the hands of the wardens can only be checked out by them. Each check has to be countersigned by the State Comptroller. The State Comptroller can order the warden to remit to the State treasurer such amounts as are not needed for the industries.

In reading the prison law for the state of New York I found one section which appeared to me to be quite out of the ordinary. It is as follows:

"The prisoners shall be supplied with a sufficient quantity of inferior but wholesome food."

I believe an improvement could be made in the Illinois system regulating the finances of the State institutions. There should be some supervising control over the expenditures and this could be done without materially changing the organization as it exists today. Some changes could be made in our law and the office of Fiscal Supervisor could be created.

Respectfully submitted,

F. D. Whipp,
Department and Institution Auditor.

3 0112 061925126

Comparative Statement.

Expenses of New York Institutions for the Care and Treatment of Insane compared with Illinois Institutions for Insane, for year 1907.

Total per capita cost thirteen New York institutions (gross)	$183 83
Total per capita cost six Illinois institutions (gross)	158 54
Illinois institutions cost less per capita	$25 29
Per cent of decrease, approximately	14%

Classification.	New York (Av. population 26,618)	Illinois (Average population 9,214)	Illinois increase over New York	Illinois decrease over New York	Percent of expenditures in New York.	Percent of expenditures in Illinois.
Salaries and wages	$76 05	$59 67	.....	$16 38	41.4	37.7
Food supplies	54 56	45 53	.....	9 23	29.7	28.6
Clothing and bedding	9 34	11 94	$2 60	.....	5.1	7.5
Medical supplies	1 17	2 08	91	.....	0.6	1.3
Fuel, light and water	17 87	13 49	.....	4 38	9.7	8.5
Miscellaneous expenses	24 84	26 03	1 19	.....	13.5	16.4
Totals	$183 83	$158 54	$4 70	$29 99	100%	100%